LONG EQUITY

FACTSHEET - JUNE 2024
LONG EQUITY INVESTMENT STRATEGY

Long Equity runs a concentrated portfolio of companies that can (i) invest capital at significantly higher returns than their cost of capital *(value creation)*, and (ii) raise prices without impacting demand *(price setting)*. Returns on capital must be high, consistent and unleveraged, with competitive advantages, ideally switching costs and network effects, preventing returns and margins from being competed away.

Holdings
No. Holdings: 12
Held <1yr: 4/12

Geography
US: 83%
Canada: 9%
Denmark: 8%

Sectors [1]
FMI: 31%
Software: 31%
Semiconductors: 30%
Healthcare: 8%

Market capitalisation
>$1tn: 21%
$100bn-$1tn: 42%
<$100bn: 37%

Weighted Financials [2]
FCF ROC: 36%
FCF Growth (5yr):   24%
FCF Linearity (5yr):   0.88
FCF Margin: 36%
FCF Margin Exp.:   6%
FCF Yield: 3.20%

Interest expense: 6%
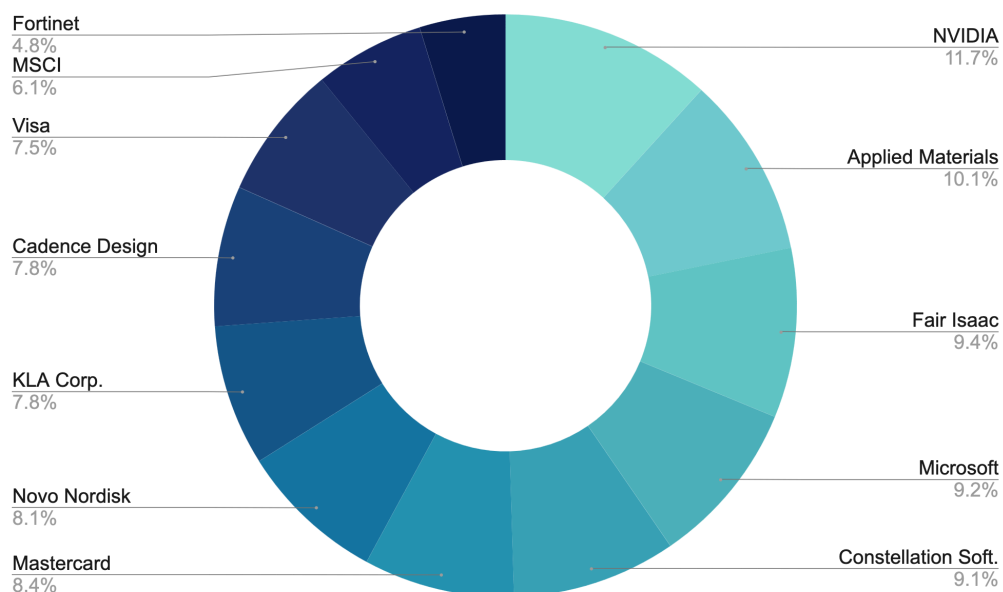5yr Δ share count: -9%

Portfolio comment

We exited our position in ASML and began a new position in KLA Corp. The top contributors to performance were NVIDIA and Fair Isaac. The top detractors from performance were Visa and MSCI.

Performance (Gross returns in GBP)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2021										6.2%	2.4%	0.0%	**8.6%**
2022	-11.6%	-4.6%	4.9%	-7.5%	-2.3%	-3.6%	13.6%	-2.4%	-7.4%	2.0%	2.3%	-6.7%	**-22.9%**
2023	8.4%	-0.7%	4.2%	-1.4%	3.3%	0.9%	1.0%	2.9%	-2.1%	-0.4%	8.5%	3.4%	**31.1%**
2024	7.8%	7.1%	2.1%	-5.7%	5.0%	4.7%							**22.1%**

Portfolio

Fortinet 4.8%
MSCI 6.1%
Visa 7.5%
Cadence Design 7.8%
KLA Corp. 7.8%
Novo Nordisk 8.1%
Mastercard 8.4%
NVIDIA 11.7%
Applied Materials 10.1%
Fair Isaac 9.4%
Microsoft 9.2%
Constellation Soft. 9.1%

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[1] Financial market infrastructure (FMI) captures Fair Isaac, Mastercard, MSCI and Visa. Semiconductors captures Applied Materials, KLA Corp and NVIDIA. Software captures Cadence Design Systems, Constellation Software, Fortinet and Microsoft. Healthcare captures Novo Nordisk.

[2] FCF ROC is free cash flow (FCF) divided by invested capital (non-current liabilities plus equity), expressed as a percentage. FCF Growth (5yr) is the annualised growth rate of FCF per share over the last 5-years. FCF Linearity (5yr) is the R-squared value of FCF per share price growth over the last 5 years. FCF Margin is FCF divided by total revenue, expressed as a percentage. FCF Margin Expansion is the percentage point difference in the current FCF Margin and the FCF Margin 5 years ago. FCF Yield is FCF divided by the market capitalisation, expressed as a percentage. Interest expense is divided by operating profit, expressed as a percentage. 5yr Δ share count is the percentage difference between the current share count and the share count 5 years ago. All values presented are weighted to the position size of each company within the portfolio.